

# Position Paper

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## Making Germany's *Zeitenwende* a Success

**Strengthening transatlantic sovereignty –  
for increased competitiveness, resilience, and  
responsiveness in our economies**

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The English version of the position paper is provided for information purposes only. In case of different interpretations of the German and English version, the German language version takes precedence.

American Chamber of Commerce in Germany e.V.

November 2022



the voice of  
transatlantic  
business

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## Preamble

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The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business – an association of large, medium-sized, and small companies and individuals based in Germany, Europe, and the United States that are active in the transatlantic economic area and promote the transatlantic relations.

AmCham Germany promotes global trade relations that are built on the strong foundation of the German-American partnership. This partnership is based on long-standing social, cultural, and economic interdependencies and the common interests of our two countries.

In addition, AmCham Germany advocates for transparent dialogue and is committed to transatlantic values. Central to this are freedom and human rights, democracy and the rule of law, free trade and competition.

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# Making Germany's *Zeitenwende* a Success

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The challenges posed by the Russian war of aggression against Ukraine and the still tangible impact of the Corona pandemic on global trade are massive. Supply chains continue to be disrupted, price increases are reaching levels not seen for a long time, the effects of global warming are being clearly felt, and concerns about a global recession are high. This is also leading to social tensions and systemic competition. Across Europe and the U.S., governments, parliaments, administrations, and businesses face enormous challenges to protect democracy and freedom, secure prosperity and jobs, and drive transformation both environmentally and technologically.

Germany is experiencing the greatest upheaval in decades. The extent of the challenges and efforts to overcome them are manifested in Germany in one word: *Zeitenwende*, or turning point. In Chancellor Olaf Scholz's government declaration at the start of Russia's war of aggression, the *Zeitenwende* referred to the destroyed order of peace, forced consequences in foreign and defense policy, and energy security and prices. Since February 27, this term has permeated into many areas of society and government.

Especially in times of dramatic upheaval, Germany and the United States are united by a strong partnership. Since the Marshall Plan almost 75 years ago, this partnership has had a firm framework that is shaping the transatlantic future today more than ever. The foundation for this is formed by shared values such as democracy, freedom, openness, human rights, the rule of law, sustainability, and a market economy. This has also always been represented by the members of the American Chamber of Commerce in Germany, founded in 1903.

This foundation cannot be taken for granted and is not inviolable. The past few months have heightened awareness of this in both Europe and the United States, demonstrating the strategic relevance of transatlantic sovereignty: Shared values and principles create a social identity that provides clear orientation in the complex contemporary world, economic opportunities when competing internationally, and mutual solutions when balancing our interests.

"No globalization!" is not the answer: It would intensify and multiply current crises. Less global cooperation would be counterproductive for peace, climate protection, progress, prosperity, and the fight against poverty. AmCham Germany's member companies – with their investments, jobs, innovations, and social initiatives – serve as an engine for the globally-oriented transatlantic partnership. Yet, the effectiveness and efficiency of this engine is determined by its political and administrative framework. For even in and after the *Zeitenwende*, a successful social market economy follows the following principles: only as much regulation as necessary, and as much competition as possible.

AmCham Germany therefore emphasizes the need for more effective state intervention:

- **for open, values-based transatlantic business and trade relations within the framework of a rules-based, multilateral world economic order,**
- **for further integration instead of the decoupling or block formation of economic areas,**
- **for significantly faster implementation of government decisions,**
- **for the priority of entrepreneurial commitment over inappropriate overregulation.**

In the context of the *Zeitenwende* for the transatlantic economy, these fundamental priorities are linked to other requirements of macroeconomic importance:

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## Energy and Climate

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The *Zeitenwende* in the energy industry calls for strengthening transatlantic relations. The drastic increase in energy costs is threatening Germany's attractiveness as an industrial location. To secure a reliable and affordable energy supply and to drive the transformation towards carbon neutrality, we need more cooperation with U.S. partners, more joint standards, and more collaboration on green fuels and technologies. Regardless, approval procedures need to be accelerated to swiftly implement infrastructure projects in Germany and Europe that are urgently needed, such as developing a hydrogen-ready LNG infrastructure, power lines and CO2 pipelines, as well as promoting low carbon technologies.

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## Digital Policy

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The geopolitical turn of events makes it necessary to strategically readjust the defining dogma of digital policy in recent years – digital sovereignty. The Russian invasion of Ukraine shows that a "third way" for Europe in equidistance to China and the transatlantic allies is not a viable path. The EU must respond to the politically forced and de facto tech-de-coupling mechanisms with a targeted strategy of interdependence and cooperation, such as is already a reality in the development and production of semiconductors with its closest allies. Digital sovereignty should be understood and operationalized as transatlantic sovereignty. Based on the existing common set of values, we need a strong political impetus for a digital transatlantic economic zone.

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## Aerospace and Defense

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Transatlantic solidarity generates security. Germany must keep its promise to increase its defense budget to 2% of GNP and to invest the €100B special fund to properly contribute to meeting the security challenges now starkly facing us. A business environment fostering innovation and transatlantic cooperation in aerospace and defense is vital to ensure capabilities that maximize security are procured. Proper funding, harmonized export policies, and sensible taxonomy rules promote transatlantic defense innovation and cooperation that enable U.S. and German defense companies to offer security solutions on both sides of the Atlantic. Cooperation with the respective industries must not be a one-way street.

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## Healthcare and Life Sciences

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The healthcare industry is one of the most important cornerstones in transatlantic economic relations. Rapid research and the supply of vaccines and therapies as well as readily available medical devices have paved the way to recovery from the pandemic. A clear commitment to patent protection and a framework that values investment in research and production are key components for ensuring sustainable growth in the healthcare industry for the benefit of patients.

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## Trade

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Instead of focusing on opening new markets and reducing trade barriers, international trade policy has for some time now shifted to measures to achieve other policy goals. To counteract these increasingly protectionist tendencies, the German federal government should work for the swift implementation of government decisions that strengthen trade and the resilience of supply chains to promote prosperity and competitiveness as well as define global standards for future technologies in transatlantic cooperation. The current geopolitical situation highlights the need for friendly states to work even more closely together to accelerate the ratification of trade agreements (e.g., CETA) as well as their modernization (Mexico). It is also necessary to prevent reshoring for domestic political reasons (e.g., local content requirements in the U.S.).

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## Tax

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In economically challenging times, companies need relief. Additional burdens weaken innovation, investment, and transformation. Reducing bureaucracy is urgently needed: Ever-increasing obligations for reporting and documentation are straining companies. Operating expenses must also be tax deductible: The growing number of non-deductible expenses leads to the double taxation of profits which are being earned only once, or even leads to tax liability in cases where no "real" profit has been earned at all.

### **AmCham Germany Policy Committees**

Aerospace & Defense  
Digital Policy  
Energy & Climate  
Healthcare & Life Sciences  
Tax  
Trade

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### **About the American Chamber of Commerce in Germany e.V. (AmCham Germany)**

The American Chamber of Commerce in Germany is the voice of transatlantic business. We promote global trade relations that are built on the strong foundation of the American-German partnership. We actively support the interests of our members through our global network in business, politics and the AmChams worldwide and strengthen the exchange between members and politics. AmCham Germany enables intercultural understanding, collaboration and new investments. We stand for transparent dialogue, free trade and a competitive and open economic climate..

You can also find us online:

[www.amcham.de](http://www.amcham.de)

